

MAY 26 2005

*Office of Legislative Affairs*

**U.S. Department of Homeland Security**

Washington, DC 20528



**Homeland  
Security**

The Honorable J. Dennis Hastert  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Speaker:

Please find enclosed for your information the report to Congress on Fiscal Year 2006  
Funding for Department of Homeland Security Counternarcotics Activities.

I appreciate your interest in the Department of Homeland Security, and I look forward to  
working with you on future homeland security issues. If I may be of assistance, please  
contact the Office of Legislative Affairs at (202) 205-4412.

Sincerely,

A handwritten signature in black ink, appearing to read "Pam J. Turner", with a long horizontal flourish extending to the right.

Pamela J. Turner  
Assistant Secretary of Legislative Affairs

Enclosure

MAY 26 2005

*Office of Legislative Affairs*

U.S. Department of Homeland Security  
Washington, DC 20528



**Homeland  
Security**

The Honorable Richard B. Cheney  
President  
United States Senate  
Washington, DC 20510

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Enclosure



***Report to Congress***  
***On***  
***Fiscal Year 2006 Funding***  
***For***  
***Department of Homeland Security***  
***Counternarcotics Activities***

***Prepared by the Office of Counternarcotics Enforcement***

***May 25, 2005***

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## ***Executive Summary***

Section 878(f)(1) of the Homeland Security Act of 2002, as amended, requires the Director of the Office of Counternarcotics Enforcement to submit to select congressional committees a review and evaluation of the President's request for the Department of Homeland Security. The review and evaluation must:

(A) identify any request or subpart of any request that affects or may affect the counternarcotics activities of the Department or any of its subdivisions, or that affects the ability of the Department or any subdivision of the Department to meet its responsibility to stop the entry of illegal drugs into the United States,

(B) describe with particularity how such requested funds would be or could be expended in furtherance of counternarcotics activities, and

(C) compare such request with requests for expenditures and amounts appropriated by Congress in the previous fiscal year.

The *Fiscal Year 2006 President's Budget* requests \$41.1 billion for the Department of Homeland Security, an increase in total budgetary authority of seven percent over the enacted FY 2005 funding. Of the \$41.1 billion request, approximately \$2.937 billion has been identified as Nation Drug Control Budget Funds. Approximately \$305.4 million in FY 2006 enhancements for CBP, ICE, and CG have been identified as expenditures that affect or may affect the counternarcotics activities of the Department.

The Department's counternarcotics activities, which involve efforts across all levels of government, directly support the Department's counternarcotics-related responsibilities, as specified in the Homeland Security Act of 2002, Section 101, paragraph (b) (1). Those responsibilities are:

- Monitor connections between illegal drug trafficking and terrorism,
- Coordinate efforts to sever such connections,
- Contribute to efforts to interdict illegal drug trafficking, and
- Ensure that functions of the agencies and subdivisions within the Department that are not directly related to securing the homeland, are not diminished or neglected, except by an explicit Act of Congress.

The following sections describe how the funds affect the counternarcotics activities of the Department, explain how these funds could be

Report to Congress on Fiscal Year 2006 Funding  
for Department of Homeland Security Counternarcotics Activities, March 29, 2005

specifically expended in furtherance of counternarcotics activities, and compare the Department's FY 2006 request with requests for expenditures and amounts appropriated by Congress for FY 2005.

## ***Border and Transportation Security Directorate***

### **FY 2006 National Drug Control Budget Funds**

**\$1,964.164M**

**Description:** The Border and Transportation Security (BTS) Directorate carries out its border security mission by providing executive direction, oversight, coordination and policy guidance to U.S. Customs and Border Protection (CPB), U.S. Immigration and Customs Enforcement (ICE), Transportation Security Administration (TSA), Federal Law Enforcement Training Center (FLETC), and the United States-Visitor Immigrant Status Indicator Technology (US-VISIT) Program.

**Responsibilities:** The mission of the BTS Directorate is to protect national security and promote public safety by enforcing our nation's immigration and customs laws, providing an effective border and transportation system defense against all external threats, including international terrorists, and other threats, such as illegal drugs and other contraband, while preserving the free flow of legitimate trade and travel.

The following are those portions of the President's FY 2006 Budget Request that directly affect the Border and Transportation Security Directorate's counternarcotics activities or the Department's ability to stop the entry of illegal drugs into the United States:

U.S. Customs and Border Protection	\$ 1,510.862M
U.S. Immigration and Customs Enforcement	\$ 453.302M
Total	\$ 1,964.164M

***Border and Transportation Security Directorate***  
***U.S. Customs and Border Protection (CBP)***

**FY 2006 National Drug Control Budget Funds**  
**\$1,510.862M**

**Overview:** U.S. Customs and Border Protection (CBP) is the single agency responsible for protecting the sovereign borders of the United States at and between the official ports of entry. With homeland security as its primary mission, CBP is the frontline in protecting the American public against terrorists and instruments of terror.

- CBP protects our economic security by regulating and facilitating the lawful movement of goods and persons across U.S. borders. This includes preventing the illegal export of U.S. currency or other negotiable instruments – some of which are obtained from the trafficking and sale of illegal drugs – as well as intercepting the illegal export of stolen goods, such as vehicles, and strategically sensitive technologies.
- CBP inspectors prevent cross-border smuggling of contraband, such as illegal drugs, controlled substances, Weapons of Mass Destruction (WMDs), and illegal or diseased plants and animals. This includes ensuring that all persons and cargo enter the U.S. legally and safely through official ports of entry and ensuring that travelers and immigrants have appropriate documentation.

**FY 2006 National Drug Control Budget Funds**

The following is a summary of CBP drug control programs and initiatives as requested in the President's FY 2006 Budget.



## CBP RESOURCE SUMMARY

	(Budget Authority in Millions)		
	2004 Final	2005 Enacted	2006 Request
<b>Drug Resources by Function</b>			
Intelligence	\$62.087	\$83.000	\$87.630
Interdiction	997.670	1,332.000	1,408.123
Research & Development	10.705	14.000	15.109
<b>Total</b>	<b>\$1,070.462</b>	<b>\$1,429.000</b>	<b>\$1,510.862</b>
<b>Drug Resources by Decision Unit</b>			
Salaries and Expenses	\$1,048.903	\$1,175.000	\$1,225.480
Construction	21.559	22.000	22.420
Air & Marine Operations		232.000	262.962
<b>Total</b>	<b>\$1,070.462</b>	<b>\$1,429.000</b>	<b>\$1,510.862</b>
<b>Drug Resources Personnel Summary</b>			
Total FTEs (direct only)	9,618	9,742	9,799
<b>Information</b>			
Total Agency Budget	\$4,898.8	\$5,333.3	\$5,575.6
Drug Percentage	21.9%	26.8%	27.1%

## CBP PROGRAM METHODOLOGY

### Office of Field Operations

- The Office of Field Operations has identified 2,512 Customs and Border Protection (CBP) Officers positions that are specifically identified with drug enforcement. In August 2003, CBP established a Consolidated National Inspectional Anti-Terrorism Contraband Enforcement Team Policy (A-TCET). Under A-TCET, the former Contraband Enforcement Team (CET), Manifest Review Unit (MRU), Non-Intrusive Inspection, Canine, and Outbound teams will be united to form a single enforcement team, A-TCET. The A-TCET teams also work closely with the Passenger Enforcement Rover Team (PERT) and Passenger Analytical Unit (PAU) teams to coordinate all enforcement activities. Although the primary mission of the A-TCET teams is anti-terrorism, they will also focus on all types of contraband, including narcotics. In the past, 100 percent of CET Inspector time has been devoted to drug enforcement. Although the primary focus of A-TCET is anti-terrorism, it

is estimated that 85 percent of their time is devoted to drug enforcement. Although the primary focus of CET enforcement teams has changed, there is only a slight decrease in time devoted to drug enforcement due to similarities in function. The smuggling methodologies and their indicators are believed to be similar for both narcotics and anti-terrorism activities.

- As of October 2004, there are 804 Canine Enforcement Officers that are nearly 100 percent devoted to smuggling interdiction and 17 Currency Canine Enforcement Officers who are also 100 percent devoted to smuggling related interdiction.
- There are more than 14,000 other CBP Officers that, in addition to the interdiction of contraband, illegal drugs, and illegal aliens also enforce hundreds of laws and regulations of many other federal agencies. CBP subject matter experts estimate that 15-30 percent of these officers' time will be devoted to drug-related activities in FYs 2004-2006.

#### **Office of Border Patrol**

- There are over 11,000 Border Patrol agents that are assigned the mission of detecting and apprehending any illegal entrants between the ports-of-entry along the 8,000 miles of the United States borders. These illegal entries include alien and drug smugglers, potential terrorists, wanted criminals, and persons seeking to avoid inspection at the designated ports of entry due to their undocumented status, thus preventing their legal entry. It has been determined that 15 percent of the total agent time nationwide is related to drug interdiction activities. These activities include staffing 26 permanent border traffic checkpoints nationwide including 398 canine units trained in the detection of humans and certain illegal drugs that are concealed within cargo containers, truck trailers, passenger vehicles and boats. In addition, agents perform line watch functions in targeted border areas that are frequent entry points for the smuggling of drugs and people into the United States. A fleet of over 100 fixed and rotary wing aircraft are operated along the borders and perform a multitude of missions that results in the interdiction of narcotics being smuggled into the United States.

#### **Office of Information Technology**

- The Office of Information Technology (OIT) supports the drug enforcement mission through the research, development, acquisition, and support and maintenance of technology, such as non-intrusive inspection systems and targeting systems. Within the OIT, Applied Technology Division (ATD), 50 percent of base resources, 50 percent of support and maintenance resources, and 50 percent of non-intrusive

imaging acquisition resources support the anti-drug, as well as the anti-terrorism missions.

### **Office of Air & Marine Operations (AMO)**

- AMO protects the United States by using an integrated and coordinated air and marine force to deter, interdict, and investigate acts of terrorism and smuggling arising from the threats of unlawful movement of people and goods across the nation's borders.
- Since September 11, 2001, AMO has redirected part of its mission to protecting the United States from acts of terrorism. As a result of the expanded mission requirements, resources that support the AMO program are considered to be 90 percent drug-related.

### **Office of Training and Development**

- The Office of Training and Development's (OTD) mission support, while vital to CBP mission, is not entirely drug-related. These figures include estimates of the resources for the Border Patrol and Immigration Officer Academies which now fall under the OTD.
- Training arrived at its estimates by reviewing all courses conducted to determine if the course contained drug enforcement related material. If the course was found to contain drug-related material, the funding attributed to the course was then multiplied by the drug content percentage based on the drug budget methodology. Other resources were attributed to drug enforcement activities at a rate of 25 percent based on the diverse nature of OTD's programs such as anti-terrorism, career development, and transition training of the legacy workforce.

## **CBP PROGRAM SUMMARY**

### **CBP Authorities and Interdiction Efforts**

- Titles 18 U.S.C. and 19 U.S.C. authorize CBP to regulate the movement of carriers, persons, and commodities between the U.S. and other nations. It is through this statutory authority that CBP plays a key role in the overall anti-drug effort at the border.
- CBP jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across our national borders and is applied pursuant to the authority of the Bank Secrecy Act, "USA PATRIOT Act," Money Laundering Control Act, and other CBP laws.

- CBP also enforces and administers immigration and nationality laws in conjunction with the inspection of all persons seeking admission into the United States, and identifies and counters drug-related criminal activity. CBP coordinates these efforts with the Departments of State and Agriculture, Immigration and Customs Enforcement and local port authorities.
- CBP has implemented aggressive border enforcement strategies that are designed to interdict and disrupt the flow of narcotics and ill-gotten gains across the nation's borders and dismantle the related smuggling organizations.
- CBP's Automated Targeting System (ATS) addresses targeting needs in the passenger and cargo (air, land and sea) environments in the United States and in foreign ports by CBP Officers targeting cargo under the Container Security Initiative (CSI). The system utilizes a battery of rules to vet all available information related to cargo and passengers and generates relative risk scores for cargo shipments and passengers.
- Under the Customs-Trade Partnership Against Terrorism (C-TPAT), CBP is engaging the trade in developing and implementing security programs to safeguard legitimate trade from being used to smuggle implements of terror and other contraband, including narcotics. Under C-TPAT, CBP works closely with importers, carriers, brokers, freight forwarders, and other industry sectors to develop a seamless, security-conscious trade environment resistant to the threat of international terrorism. C-TPAT provides the business community and government a venue to exchange ideas, information, and best practices in an ongoing effort to create a secure supply chain, from the factory floor to U.S. port of entry. Under C-TPAT, Americas Counter Smuggling Initiative (ACSI), the Carrier Initiative Program (CIP), and the Business Anti-Smuggling Initiative (BASC) remain instrumental in expanding our anti-narcotics security programs with trade groups and governments throughout the Caribbean, Central and South America and Mexico.

### **Intelligence Program**

- The Intelligence Program provides support to CBP inspectional and border enforcement personnel in disrupting the flow of drugs by collection and analysis of all source information and dissemination of intelligence to the appropriate component. Also, the program provides strategic intelligence estimates to executive management for purposes of planning and resource allocation.

### **Field Operations Enforcement Technology**

- CBP is continuing to acquire and deploy additional large-scale, non-intrusive inspection (NII) systems to our nation's air, sea and land border ports of entry. These systems include the Vehicle and Cargo Inspection System (VACIS), Mobile VACIS, Truck X-ray, Mobile Truck X-ray, Rail VACIS, Mobile Sea Container Systems and the Pallet Gamma-ray System. Large-scale NII technologies are viewed as force multipliers that enable us to screen or examine a larger portion of the stream of commercial traffic while facilitating the flow of legitimate trade and cargo.

### **Air & Marine Operations**

- AMO's P-3 aircraft are the primary U.S. Government aircraft used to fly in and over Colombia in support of detection and monitoring efforts. The P-3B Airborne Early Warning (AEW) "Dome" and P-3A Tracker "Slick" aircraft are both critical to interdiction operations in the source and transit zones because they provide vital radar coverage in regions where mountainous terrain, expansive jungles and large bodies of water limit the effectiveness of ground-based radar.
- In the Transit Zone, AMO air and marine crews work in conjunction with the law enforcement agencies and military forces of other nations in support of their counter-narcotic programs. Counterdrug missions include detection and monitoring, interceptor support, and coordinated training with military and other law enforcement personnel.
- As in the support provided to other nations, AMO assists state and local law enforcement counter-narcotics programs in detection and monitoring, interceptor support and coordinated training with law enforcement personnel.

### **Canine Enforcement**

- Detector dog teams play a major role in operational enforcement efforts to seize and disrupt the flow of narcotics into the United States. CBP continues to breed potential detector dogs at the Canine Enforcement Training Center in Front Royal, Virginia, to provide enhanced detection capabilities. Seventeen currency detector dogs are assigned to 14 ports of entry to assist in the interdiction efforts.

### **Currency Interdiction**

- CBP interdicts undeclared bulk currency under 31 USC 5316/17, cutting off funds that fuel terrorism, narcotics trafficking, and criminal activities worldwide.

- CBP Inspectors perform Buckstop Operations, screening outbound travelers and their personal effects. Cashnet Operations focus on interdicting bulk currency exported in cargo shipments. CBP also uses mobile X-ray vans, and 17 specially trained currency canine teams to efficiently target individuals, personal effects, conveyances and cargo acting as vehicles for the illicit export of undeclared currency.

### **Border Patrol Operations**

- The Border Patrol's primary mission is to apprehend illegal aliens and alien smugglers that enter the U.S. illegally. As such, the Border Patrol is responsible for ensuring that the entry of persons into the U.S. between ports-of-entry is controlled in a manner that is consistent with national interests.
- All Border Patrol agents receive Drug Enforcement Administration Title 21 cross-designated authority as part of their basic training.
- The Border Patrol conducts border control activities from the decks of various sized marine craft along the coastal waterways of the U.S., Puerto Rico and the interior waterways common to the United States and Canada. The marine patrol consists of 107 vessels in 16 Border Patrol sectors, nationwide.

### **CBP SUMMARY**

**FY 2005 Program:** CBP is directing \$1,429.0 million of its direct appropriations to drug control efforts. The FY 2005 funding maintains operations at the FY 2004 level and includes the transfer of the AMO from Immigration and Customs Enforcement (ICE) to CBP.

**FY 2006 Request:** CBP estimates that it will direct \$1,510.9 million of its direct appropriations to drug control efforts. The FY 2006 budget provides the necessary manpower, non-intrusive technology inspection systems and the intelligence, surveillance and reconnaissance technology to deter and detect the smuggling of illegal drugs, especially along the Southwest Border and to address the problem of the smuggling of high-potency marijuana from Canada. Also included is a \$7.4 million increase for the Long Range Radar program. AMO shares the cost of the Long Range Radar program with the Federal Aviation Administration and DOD. This \$7.4 million increase is CBP's share of a Service Life Extension Plan (SLEP) for these radars.

***Border and Transportation Security Directorate***  
***U.S. Immigration and Customs Enforcement (ICE)***

FY 2006 National Drug Control Budget Funds  
\$453.302M

Overview: As the Department's largest investigative arm, ICE brings a unified and coordinated focus to the enforcement of federal immigration, customs, facilities security and air security laws.

- The primary mission of ICE is to detect vulnerabilities and prevent violations that threaten national security. As part of this mission, ICE also works to deter, interdict and investigate the movement of illegal drugs into the U.S. This is primarily supported by investigating domestic and international drug trafficking activities, as well as collecting, analyzing, and disseminating strategic and tactical intelligence and operational data on air and marine drug trafficking activities.

## FY 2006 National Drug Control Budget Funds

The following is a summary of ICE drug control programs and initiatives as requested in the President's FY 2006 Budget.

### ICE RESOURCE SUMMARY

(Budget Authority in Millions)

	2004 Final	2005 <sup>1</sup> Enacted	2006 Request
<b>Drug Resources by Function</b>			
Intelligence	\$7.158	\$7.287	\$9.256
Interdiction	199.091	0.000	0.000
Investigations	367.015	350.235	444.046
Prevention	1.100	0.000	0.000
<b>Total</b>	<b>\$574.364</b>	<b>\$357.522</b>	<b>\$453.302</b>
<b>Drug Resources by Decision Unit</b>			
Salaries and Expenses	\$390.996	\$357.522	\$453.302
Operation and Maintenance	183.368	0.000	0.000
<i>Organized Crime Drug Enforcement Task Force [non-add]</i>	----	----	43.678
<b>Total</b>	<b>\$574.364</b>	<b>\$357.522</b>	<b>\$453.302</b>
<b>Drug Resources Personnel Summary</b>			
Total FTEs (direct only)	2,937	2,094	2,440
<b>Information</b>			
Total Agency Budget <sup>2</sup>	\$3,594.4	\$3,645.2	\$4,134.8
Drug Percentage	16.0%	10.0%	11.0%

<sup>1</sup> Effective October 1, 2004, Air and Marine Operations (AMO), including the Air and Marine Operations, Maintenance, and Procurement account, were transferred from the U.S. Immigration and Customs Enforcement to U.S. Customs and Border Protection.

<sup>2</sup> Total agency budget includes revenues and collections of security fees credited to the Federal Protective Services account.



## **ICE PROGRAM METHODOLOGY**

### **Investigations Program**

- At inception of the Department of Homeland Security/Immigration and Customs Enforcement (ICE) in March 2003, 42 percent of ICE's investigative resources—transferred from legacy U.S. Customs Service—were deemed dedicated to drug control. To reasonably quantify ICE's level of involvement in drug control activities, and using FY 2004 actual data as a baseline, ICE has employed a methodology that uses the ratio of investigative hours specifically identified with narcotics and money laundering cases to the total investigative hours reported for the fiscal year to determine the dollar equivalent of resources. Based on the casework that ICE Special Agents complete, the ratio may fluctuate from year to year. For FY 2004, 33.7 percent of the Investigations program resources contributed towards drug enforcement operations.

### **Intelligence Program**

- ICE has employed a similar methodology to determine the dollar equivalent of resources for intelligence by using the ratio of hours dedicated to counterdrug operations to the total intelligence hours reported for the fiscal year. For FY 2004, the ratio was 24.8 percent. In addition, ICE relies on the professional judgment of subject matter experts who estimate that 75 percent of the resources devoted to tactical intelligence activities—for which no case hours are recorded—contribute toward drug enforcement operations. The same methodology was used to estimate the FY 2005 and FY 2006 drug control levels.

## **ICE PROGRAM SUMMARY**

### **Investigative Operations**

- ICE is authorized to enforce the regulations concerning the movement of carriers, persons, and commodities between the United States and other nations, which enables ICE to play a key role in the overall anti-drug effort with a nexus to the border.
- ICE has broad authority to investigate international financial crime and money laundering. ICE's jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the nation's borders and is applied pursuant to the authority of the Bank Secrecy Act, the USA PATRIOT Act, and the Money Laundering Control Act.

- **Money Laundering** - ICE financial investigations target the systems used by international criminal organizations to launder the proceeds of their crime. ICE has implemented an aggressive strategy to combat money laundering by: combining interdiction efforts with our international law enforcement counterparts, interagency coordination efforts, undercover investigations, and regulatory interventions that target those systems.
- **Currency Interdiction** - ICE investigations lead to interdiction of undeclared bulk currency, cutting off funds that fuel narcotics trafficking and criminal activities worldwide.
- ICE is a primary participant in the 15 Integrated Border Enforcement Teams (IBETs) that are located across the Northern Border. IBETs are multi-agency international task forces designed to enhance border integrity and security with Canada by identifying, investigating, and interdicting persons and organizations that pose a threat to national security or are engaged in other organized criminal activity.
- ICE participates in and actively supports the Organized Crime Drug Enforcement Task Forces (OCDETF) Program. ICE OCDETF Coordinators sit on each of OCDETF's nine Regional Coordination Committees; ICE provides dedicated personnel to the New York OCDETF Strike Force and other co-located task forces nationwide; and ICE agents, in partnership with other federal, state, and local federal law enforcement agencies and prosecutors, conduct complex OCDETF investigations targeting major drug smuggling organizations.
- ICE is an active participant and partner in the Special Operations Division, a multi-agency program involving the Department of Justice, the Drug Enforcement Administration, the Federal Bureau of Investigation, and the Internal Revenue Service.

### **Intelligence Operations**

- The Office of Intelligence provides support to all ICE investigative, detention and removal components, as well as many other departmental entities, in disrupting the flow of drugs by collecting and analyzing all source information and disseminating tactical intelligence to the appropriate operational component.

### **ICE SUMMARY**

- **FY 2005 Program:** The ICE drug control budget for FY 2005 is \$357.5 million. This budget reflects a net reduction of \$217.1 million below the FY 2004 level. This reduction is primarily associated with the transfer of AMO to Customs and Border Protection.

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**FY 2006 Request:** The FY 2006 drug control proposal is \$453.3 million. This amount is \$95.8 million above the FY 2005 enacted level. The increase reflects an upward adjustment for inflation, technical adjustments to base, and the inclusion in ICE's direct appropriation funding of \$43.7 million in funding to support ICE's participation in the OCDETF Program. Funding for such participation previously was provided through OCDETF's account within the Department of Justice appropriation.

## ***United States Coast Guard***

### **FY 2006 National Drug Control Budget Funds** **\$972.711M**

**Description:** The United States Coast Guard (USCG) is one of the five armed services of the United States and is multi-mission entity possessing a unique blend of humanitarian, law enforcement, regulatory, diplomatic and military capabilities serving five major roles: 1) Maritime Security, 2) Maritime Safety, 3) Protection of Natural Resources, 4) Maritime Mobility, and 5) National Defense.

**Responsibilities:** As the lead federal agency for maritime safety and security, the USCG protects vital interests of the United States, the personal safety and security of our population, our natural and economic resources, and the external integrity of our nation – from both internal and external threats, natural and manmade.

### **FY 2006 National Drug Control Budget Funds**

The following is a summary of USCG drug control programs and initiatives as requested in the President's FY 2006 Budget.

Report to Congress on Fiscal Year 2006 Funding  
for Department of Homeland Security Counternarcotics Activities, March 29, 2005

## USCG RESOURCE SUMMARY

(Budget Authority in Millions)

	2004 Final	2005 Enacted	2006 Request
<b>Drug Resources by Function</b>			
Interdiction	\$770.252	\$843.451	\$972.711
Research & Development	2.200	1.484	0.000
<b>Total</b>	<b>\$772.452</b>	<b>\$844.935</b>	<b>\$972.711</b>
<b>Drug Resources by Decision Unit</b>			
Operating Expenses (OE)	\$586.830	\$655.730	\$720.269
Acquisition, Construction, and Improvements (AC&I)	171.475	173.446	236.991
Reserve Training (RT)	11.947	14.275	15.451
Research, Development, Test and Evaluation (RDT&E)	2.200	1.484	0.000
<i>Organized Crime Drug Enforcement Task Force [non-add]</i>	----	----	0.626
<b>Total</b>	<b>\$772.452</b>	<b>\$844.935</b>	<b>\$972.711</b>
<b>Drug Resources Personnel Summary</b>			
Total FTEs (direct only)	5,494	5,629	5,837
<b>Information</b>			
Total Agency Budget	\$7,012.0	\$7,575.9	\$8,146.9
Drug Percentage	11.0%	11.2%	11.9%

## USCG PROGRAM METHODOLOGY

- The Coast Guard does not have a specific appropriation for drug interdiction activities. All drug interdiction operations, capital improvements and acquisitions, reserve training, and research and development activities are funded out of the appropriations specified herein.
- Reflecting the multi-mission nature of Coast Guard units, the accounting system is keyed to operating and support facilities, rather than to specific missions. Consistent with that approach, personnel and other costs are administered and tracked along operational and support capability lines requiring sophisticated cost accounting techniques.
- Coast Guard uses a Mission Cost Model (MCM) methodology to compute its drug attribution. The MCM allocates funding across Coast Guard missions in the Performance-based Budget (PBB) presentation. The MCM allocates all direct and support costs to mission-performing units (e.g., a 378-foot cutter). Established baselines of operational activity are used to further allocate those costs to the various missions.

### Operating Expenses (OE)

- OE funds are used to operate facilities, maintain capital equipment, improve management effectiveness, and recruit, train, and sustain all active duty military and civilian personnel. Budget presentations for current and future years use the most recent OE asset cost data. The MCM systematically allocates all OE costs in the following way:
  - Direct Costs: Applied directly to the operating assets (high endurance cutter, HC-130 aircraft, 41' utility boat) that perform missions;
  - Support Costs: Applied to assets for which cost variability can be specifically linked to operating assets (based on carefully-developed allocation criteria); and
  - Overhead Costs: Applied to assets based on proportion of labor dollars spent where cost variability cannot be specifically linked to operating assets. This is a standard industry approach to overhead allocation.
- Once all OE costs are fully loaded on mission-performing assets, those costs are further allocated to Coast Guard missions (Drug Enforcement, Search and Rescue, etc.) using actual or baseline projections for operational employment hours.

### **Acquisition, Construction & Improvements (AC&I) Appropriation**

- The MCM model is used to develop an allocation of costs by mission areas for proposed AC&I projects. For example, if a new asset is being proposed for commissioning through an AC&I project, costs would be applied to missions using the operational profile of a comparable existing asset.

### **Research, Development, Test & Evaluation (RDT&E) Appropriation**

- RDT&E funding is allocated across all mission areas based on a project-by-project analysis similar to the method used for AC&I. Effective in FY 2006, RDT&E funding will be consolidated within the department's Science & Technology Directorate.

### **Reserve Training (RT) Appropriation**

- A portion of the funds available to the drug control mission areas are included in the RT appropriation. RT funds are used to support Selected Reserve personnel who in turn support and operate facilities, maintain capital equipment, improve management effectiveness, and assist in sustaining all operations. In the RT budget, allocating a share of budget authority using the same methodology used for OE derives the amount allocated to the drug control mission area.

### **USCG PROGRAM SUMMARY**

- The Coast Guard enforces federal laws in the transit and arrival zones as the nation's principal maritime law enforcement agency with jurisdiction on, under and over the high seas and U. S. territorial waters. As part of its strategic goal in maritime security, the Coast Guard's drug interdiction objective is to reduce the flow of illegal drugs entering the United States by denying smugglers their maritime routes.
- The Coast Guard has developed a ten-year counterdrug strategic plan, Campaign STEEL WEB. This plan is a comprehensive approach to maritime counterdrug law enforcement in the transit and arrival zones. The cornerstones of this plan are:
  - Maintain a strong interdiction presence highlighted by agile and flexible operations in the transit and arrival zones guided by improved actionable intelligence and information to deny smugglers access to maritime routes and deter trafficking activity;

- Strengthen ties with source and transit zone nations to increase their willingness and ability to reduce the production and trafficking of illicit drugs within their sovereign boundaries, including territorial seas. This will be accomplished through increased engagement designed to deny smugglers safe havens and enhance the law enforcement capabilities of partnering nations' maritime forces;
  - Support interagency and international efforts to combat drug smuggling through increased cooperation and coordination; and
  - Promote efforts to reduce illegal drug use in the maritime environment.
- The Coast Guard aims to conduct effective and agile interdiction operations directed at high threat drug smuggling activity to significantly affect maritime trafficking routes and modes through seizures, disruption and displacement. To this end, the Coast Guard:
    - Deploys a fleet of vessels and aircraft that is equipped with sensors, communications systems and detection technologies guided by coordinated intelligence to surveil, detect, classify, identify, and interdict suspected drug traffickers in the maritime transit and arrival zones. These deep-water cutters, patrol boats, maritime patrol aircraft, helicopters and various small boats provide a critical maritime interdiction presence;
    - Participates in coordinated and joint operations with law enforcement agencies, Department of Defense, and international partners to enhance the effectiveness of transit and arrival zone interdiction efforts. The Coast Guard plans and executes cooperative operations enhancing surveillance, detection, classification, identification, and prosecution in the transit and arrival zones;
    - Deploys Coast Guard Law Enforcement Detachments aboard U.S. Navy and foreign naval vessels to provide maritime law enforcement expertise and authority required to carry out interdiction operations throughout the transit zone;
    - Conducts combined law enforcement operations with source and transit zone nations. These operations provide training, bolster the participating nations' law enforcement capabilities and strengthen their political will to fight the adverse impacts of illicit smuggling;



- Negotiates maritime counterdrug agreements in conjunction with the Department of State. These agreements promote seamless law enforcement efforts and facilitate the exercise of host nation authority. Through such initiatives, the Coast Guard strives to make territorial boundaries as functionally transparent to law enforcement forces as they are to the smuggling community; and
- Provides ongoing support to lead agencies focused on programs that are designed to reduce the flow of drugs from source countries. These efforts include providing intelligence resources concentrating on source country activities and personnel for international training in source countries.

### USCG SUMMARY

- FY 2005 Program: The total FY 2005 drug control request for all accounts was \$844.9 million. This level provides for drug interdiction related activities in support of *Strategy* priorities. This total includes \$655.7 million for OE, \$173.4 million for AC&I, \$14.3 million for RT, and \$1.5 million for RDT&E.
  - The budget provides \$724 million (\$151.8 million drug-related) for the continued development of the Integrated Deepwater System (IDS) acquisition. The Deepwater project will re-capitalize the aging legacy surface and air fleets. It will ensure the Coast Guard is properly equipped and outfitted to enable long-term strategies, such as Campaign STEEL WEB to reap success well into the 21<sup>st</sup> Century.
  - The OE program supports end-game capability through continued implementation of the very successful Operation NEW FRONTIER. The ability to intercept, stop, and board go-fast smuggling boats will be enhanced with armed helicopters, capable of delivering non-deadly force to stop fleeing suspect vessels, working in tandem with Over-the-Horizon (OTH) boats launched from cutters. OE funding will provide support for the helicopters as well as the personnel, maintenance, operations, facilities and training associated with this initiative.
  - The FY 2005 program was designed to enable the Coast Guard to build upon Campaign STEEL WEB successes and maintain effective interdiction in the transit zone. The underlying operations of STEEL WEB will continue, including FRONTIER SHIELD in the transit zone off Puerto Rico and the Virgin Islands.

- The Coast Guard program also supports additional efforts in the Eastern Pacific Theater of operations. The Coast Guard also continues limited support to Joint Inter-Agency Task Force (JIATF)-South's Operation CAPER FOCUS deep in the transit zone off the west coasts of Colombia, Peru, and Ecuador.
  - The OE program continues to fund critical intelligence collection and support that will improve the Coast Guard's ability to identify, intercept and efficiently board smuggling vessels. This includes personnel to support enhanced training and technical assistance engagement with the maritime forces in source and transit zone nations as part of the STEEL WEB strategy.
  - The RDT&E program level includes funding to 1) develop technologies to improve detection of hidden contraband in locations that were previously impossible to search, 2) improve tactical communications systems to improve interagency coordination, command and control; and 3) develop technologies that give commanders a wider range of options to stop fleeing vessels.
- FY 2006 Budget Request: The total FY 2006 drug control proposal for all accounts is estimated at \$972.7 million. This total includes \$720.3 million for OE, \$237 million for AC&I, and \$15.5 million for RT.
    - The request represents another milestone in IDS acquisition as it provides \$966 million (\$210.6 million drug-related) for the fourth full year of building out the system.

#### **Operating Expenses**

- Funding continues deployment of Operation NEW FRONTIER assets, which include specially equipped helicopters, and OTH cutter boats designed to stop the go-fast boat smuggling threat.
- Funding will provide for an interdiction presence for Operation FRONTIER SHIELD and other supply reduction pulse operations in the Caribbean transit zone.
- Funding will increase the number of C-130H Maritime Patrol Aircraft flight hours by 1,500, thereby allowing greater coverage for known departures, and creating greater

awareness in the transit zone and hand off to end game assets.

- Funding will provide interdiction efforts in the maritime regions along the Southwest Border. The Coast Guard maritime interdiction efforts off the coast of south Texas and the coast of southern California are designed to complement the combined efforts of federal, state, and local law enforcement agencies to reduce trafficking across the Southwest Border. As part of the Southwest Border Initiative, the Coast Guard will continue efforts to enhance international cooperation through its relationship with the Mexican Navy.
- The FY 2006 drug program will allow the Coast Guard to continue combined international intelligence operations with Caribbean, Central and South American countries. The program will include supporting the U.S. Southern Command's source country initiative to disrupt production and transportation of illicit drugs. Coast Guard participation includes forward deployed aircraft.
- This budget will continue a series of multilateral counterdrug operations in the Caribbean involving Belgian and United Kingdom resources and regional law enforcement authorities. These highly mobile operations are designed to focus on the highest threats in the region using local assets and law enforcement agencies in conjunction with multi-national maritime forces.
- The Coast Guard will continue to operate a Caribbean Support Tender (CST) with a multi-national crew to provide mobile and professional training and technical assistance to various transit zone nations.
- The Coast Guard will continue periodic bilateral counterdrug operations such as Operation CONJUNTOS with Panama, Operation RIP TIDE with Jamaica, and Operation DAGGER with the Colombian Navy. These efforts focus heavily on training and professional exchanges among law enforcement units with the goal of strengthening international coordination.

#### **Acquisition, Construction, & Improvements**

- One of the greatest challenges facing the Coast Guard today is that its Deepwater assets (cutters and aircraft) are aging and technologically obsolete. To meet this challenge the

Coast Guard, through the Integrated Deepwater System, has begun to re-capitalize and modernize its assets, including sensors and communications equipment for its aging Deepwater cutters and aircraft. The start of this effort has been addressed in the President's FY 2002-2005 Budgets and is continued in the FY 2006 request. The FY 2006 proposal provides \$966 million for Deepwater (an increase of \$242 million over the FY 2005 enacted level), significantly advancing the program. Specifically, the FY 2006 budget begins funding the revised Deepwater Implementation Plan (updated to reflect post-9/11 maritime security mission requirements) by:

- Continuing production of the Maritime Security Cutter Large (3<sup>rd</sup> WMSL);
  - Upgrading legacy aircraft assets with improved RADAR and avionics suites;
  - Acquiring Vertical Unmanned Aerial Vehicles;
  - Accelerating HH-65 (short-range helicopter) re-engineering;
  - Advancing the design of the Maritime Security Cutter Medium (WMSM); and
  - Completing six legacy medium endurance cutter mid-life extension projects.
- The FY 2006 AC&I proposal includes funding to arm the HH-65B aircraft, which will increase the Coast Guard's end game effectiveness.
- Also included in the AC&I request is continued missionization of C-130J aircraft to increase MPA resources, allowing greater coverage in the departure and transit zones

### **Reserve Training**

- RT funds will be used to support Selected Reserve personnel who in turn support and operate facilities, maintain capital equipment, improve management effectiveness, and assist in sustaining all operations. The funding assumes a drug control allocation equivalent to that of the OE program costs since RT personnel augment OE program functions.

**Report to Congress on Fiscal Year 2006 Funding  
for Department of Homeland Security Counternarcotics Activities, March 29, 2005**